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OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/EGYPT'S BASIC EDUCATION ACTIVITIES

AUDIT REPORT NO. 6-263-05-002-P
MARCH 31, 2005

CAIRO, EGYPT



USAID
FROM THE AMERICAN PEOPLE

Office of Inspector General

March 31, 2005

MEMORANDUM

TO: Director, USAID/Egypt, Kenneth C. Ellis

FROM: Regional Inspector General/Cairo, David H. Pritchard /s/

SUBJECT: Audit of USAID/Egypt's Basic Education Activities
(Report No. 6-263-05-002-P)

This memorandum transmits our final report on the subject audit. In finalizing our report, we considered your comments on our draft report and have included your response in its entirety in Appendix II.

This report includes one recommendation to the Director, USAID/Egypt, to require the basic education strategic objective team to revise its Performance Monitoring Plan and succeeding Annual Report to correct the errors noted by this audit. Based on the actions taken by the Mission to implement the recommendation, both a management decision and final action have been reached for Recommendation No. 1.

I appreciate the cooperation and courtesy extended to my staff during the audit.

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SUMMARY OF RESULTS

The Regional Inspector General/Cairo performed this audit to (1) determine the status of USAID-financed basic education activities in Egypt and (2) determine if the activities had progressed towards their intended results. (See page 6) In regard to the status of the activities, during fiscal year 2003, USAID/Egypt had six primary projects. (See page 6)

- New Horizons—This project provided basic education services to 22,884 girls and women and had partnerships with 73 organizations including community development associations and non-governmental organizations supporting USAID education programs.
- Appeal—This project provided scholarships to 4,697 girls and had partnerships with three community development associations and non-governmental organizations supporting USAID education programs.
- Integrated English Language Program—This project provided training to 3,677 teachers to use modern and learner-centered teaching methods.
- Sesame Workshop—This project provided basic education services to 6,352 young women and had partnerships with 37 community development associations and non-governmental organizations supporting USAID education programs.
- New School Program—This project provided basic education services to 17,598 girls and had partnerships with 135 community development associations and non-governmental organizations supporting USAID education programs.
- The Alexandria Reform Pilot—This project provided basic education services to 16,620 girls and had partnerships with 30 community development associations and non-governmental organizations supporting USAID education programs.

In regard to progress toward intended results, during fiscal year 2003, USAID/Egypt's basic education activities exceeded their intended results. For the three performance indicators selected for testing, the actual results (confirmed by audit) exceeded targets by 45 percent, 8 percent, and 50 percent respectively. In addition, for the remaining six performance indicators, the reported results (not confirmed by audit) met or exceeded targets. (See page 8 and Appendix III on page 14)

Even though USAID/Egypt met or exceeded targets for its basic education performance indicators, for fiscal year 2003 we noted reporting errors in the accuracy of three reported results out of four results selected for testing. In addition, we noted an error in the accuracy of one reported target. As a result, we recommended that the Mission revise its Performance Monitoring Plan and its succeeding Annual Report to correct the errors noted in this audit report. (See page 10)

(After receiving official Mission comments, insert management comments and our evaluation, especially in relation to the one recommendation.)

Management comments are included in their entirety (without attachments) in Appendix II.

BACKGROUND

Since 1975, USAID/Egypt has provided more than \$700 million through its basic education program for technical assistance, training, and school construction in three main areas—education reform, classroom environment, and community-based education programs. According to Mission documents, USAID/Egypt has helped construct about 2,000 schools especially in rural Egypt, trained thousands of young women in literacy and life skills, trained more than 55,000 professionals in Egypt and in the United States, and trained more than 7,700 teachers and supervisors in English language skills.

During fiscal years 2003 and 2004, USAID/Egypt disbursed \$12.7 million and \$8.1 million to support basic education activities.

AUDIT OBJECTIVES

We conducted this audit as part of the Office of Inspector General's fiscal year 2004 audit plan to answer the following questions.

- What is the status of USAID/Egypt's basic education activities?
- Had USAID/Egypt's education activities progressed toward their intended results?

Appendix I contains a discussion of the audit's scope and methodology.

AUDIT FINDINGS

What is the status of USAID/Egypt's basic education activities?

USAID/Egypt's basic education activities fall under the Strategic Objective, "Greater Percentage of Primary and Preparatory School Children, Especially Girls, Acquire Basic Skills." In support of this strategic objective, the Mission pursued the following intermediate results: (a) increased availability and accessibility of schooling, (b) quality basic education programs that emphasize girls, and (c) systems that provide sustainable quality teacher training.

During fiscal year 2003, USAID/Egypt had the following projects to achieve these results:

- **New Horizons**—This project seeks to expand educational access, increase community participation/support, and improve health and educational status for girls and young women. The project provides classes in life skills to out-of-school girls and young women and provides scholarships to girls. This project began in 1994 and ended in 2004. Cumulative expenditures as of September 30, 2004, were \$12.9 million.

During fiscal year 2003, the project provided basic education services to 22,884 girls and women. In addition, the project had partnerships with 73 organizations including community development associations and non-governmental organizations supporting USAID education programs. A similar New Visions project benefiting boys started in 2002.

- **Appeal**—This project increases access to education for girls by providing scholarships. The project also seeks to increase community and family participation in girls education and determine economic constraints to female enrollment in primary schools. This project began in 1996 and ended in 2004. Cumulative expenditures as of September 30, 2004, were \$2.5 million.

During fiscal year 2003, the project provided scholarships to 4,697 girls. In addition, the project had partnerships with three community development associations and non-governmental organizations supporting USAID education programs.

- **Integrated English Language Program**—This project designs and delivers quality training for both current and future English language teachers and the Ministry of Education of the Government of Egypt. This project began in 1997 and ended in 2004. Cumulative expenditures as of September 30, 2004, were \$34.8 million.

During fiscal year 2003, the project provided training to 3,677 teachers to use modern and learner-centered teaching methods.

- **Sesame Workshop**—This project uses television programs to improve children's school readiness and increase basic literacy and numeracy skills. In addition, this project includes a community outreach training program for parents, caregivers, and

teachers. This project began in 1997 and is scheduled to end in 2007. Cumulative expenditures as of September 30, 2004 were \$9.4 million.

During fiscal year 2003, the program provided basic education services to 6,352 young women. In addition, the project had partnerships with 37 community development associations and non-governmental organizations supporting USAID education programs.

- New School Program—This project funds the construction of new primary and secondary schools using a community development approach and targets girls age six to 14 that have never enrolled or have dropped out of school. This project began in 2000 and is scheduled to end in 2005. Cumulative expenditures as of September 30, 2004, were \$24.8 million.

During fiscal year 2003, the project provided basic education services to 17,598 girls. In addition, the project had partnerships with 135 community development associations and non-governmental organizations supporting USAID education programs. The girls pass rate percentage in USAID funded primary schools and programs was 96 percent.

- The Alexandria Reform Pilot—This project is intended to improve the quality of education through decentralized school management and decision-making, increased community involvement, and enhanced training of teachers and administrators. This project began in 2001 and is scheduled to end in 2009. Cumulative expenditures as of September 30, 2004 were \$3.1 million.

During fiscal year 2003, the project provided basic education services to 16,620 girls. In addition, the project had partnerships with 30 community development associations and non-governmental organizations supporting USAID education programs.

Appendix III lists all of USAID/Egypt's basic education performance indicators from the Mission's Performance Monitoring Plan and their fiscal year 2003 results.

Had USAID/Egypt's education activities progressed toward their intended results?

During fiscal year 2003, USAID/Egypt's basic education activities exceeded their intended results. For the three performance indicators selected¹ for testing, the actual results (confirmed by audit) exceeded targets by 45 percent, 8 percent, and 50 percent. In addition, for the remaining six performance indicators, the reported results (not confirmed by audit) met or exceeded targets.

Even though USAID/Egypt met or exceeded targets for its basic education performance indicators, for fiscal year 2003 we noted reporting errors in the accuracy of three reported results out of four results selected for testing. In addition, we noted an error in the accuracy of one reported target. These issues are discussed below.

¹ For one performance indicator we tested pass rate percentage for females. We did not test pass rate percentage for males.

Performance Monitoring Plan and Annual Report Need Correction

Summary: Government standards for internal control require the accurate and timely recording of transactions and events. Contrary to this policy, USAID/Egypt reported data that included accuracy errors in three reported results and one reported target. The inaccurate reporting occurred because USAID/Egypt had weak controls over results and targets reported in the Annual report and Performance Management Plan. Consequently, the Mission's Annual Report and Performance Management Plan contained inaccurate information on basic education activities possibly leading managers, as well as outside decision makers, to make improper conclusions and programmatic decisions.

The United States General Accountability Office issued in November 1999 the "Standards for Internal Control in the Federal Government." The General Accountability Office Standards included examples of control activities to help ensure that management directives are carried out. One of these basic control activities is the "accurate and timely recording of transactions and events."

In three instances, USAID/Egypt reported the following inaccurate performance indicator results for its basic education activities.

- One performance indicator was *annual number of girls and women receiving basic education through USAID-funded programs*. The fiscal year 2003 reported result was 81,073 girls and women. However, documentation showed that the result included boys as well as girls and women. The actual figure was 68,151 girls and women—a difference of 16 percent.
- One performance indicator was *pass rate (percentage) of primary school children in USAID-funded schools and programs (from the Performance Monitoring Plan)*. The fiscal year 2003 reported result was 89 percent. However, documentation showed that the result should have been calculated based on the formula "number of girls who passed the exam divided by number of girls who took the exam". However, USAID/Egypt reported its results based on the formula "number of girls who passed the exam divided by number of girls enrolled in school". The actual figure was 96 percent—a difference of 8 percent.
- One performance indicator was *annual number of girls scholarships (from the narrative portion of the USAID/Egypt Annual Report disclosing results for fiscal year 2003)*. The fiscal year 2003 reported result was 6,295 girls. However, documentation showed that the result included boys as well as girls. The actual figure was 5,933 girls—a difference of 6 percent.

In one instance, USAID/Egypt reported the following inaccurate performance indicator target for its basic education activities.

- One performance indicator was *annual number of girls and women receiving basic education through USAID-funded programs*. The fiscal year 2003 reported target in the

Annual Report was 23,386 girls and women. However, the Mission's Performance Monitoring Plan showed that the target was 46,877 girls and women—a difference of 50 percent. The Annual Report for fiscal year 2003 results also showed discrepancies between its figures and the Performance Monitoring Plan for the fiscal year 2002 target.

The inaccurate reporting occurred because controls over results and targets reported in the Annual Report and Performance Management Plan were weak. The Mission's basic education project officers had not questioned results reported by its partners. One Mission official did review all the reported results and trace them to a source document. However, since project officers had not tested or verified the results in source documents, inaccurate results found their way into the Performance Monitoring Plan and the Annual Report.

The reporting of inaccurate results and targets in USAID/Egypt's Annual Report and Performance Management Plan could have led managers at USAID/Egypt and USAID/Washington, as well as decision makers outside of USAID, to make improper conclusions and programmatic decisions about the Mission's basic education activities program. To help prevent future reporting errors, USAID/Egypt needs to strengthen its monitoring of reported results and targets to ensure that reported data is accurate.

Subsequent to the USAID/Egypt Annual Report disclosing results for fiscal year 2003, USAID/Egypt issued Mission Order No. 203-1, dated February 2004, to provide Mission-specific guidelines and assign responsibilities for managing and evaluating the performance of activities and the achievement of objectives. The Mission Order stated that strategic objective teams are responsible for "monitoring and verifying the accuracy of reported results by regularly conducting site and field visits to review data collection and documentation at its source."

In addition to the Mission Order, in its response to a previous audit², USAID/Egypt stated that Annual Report Guidance will include the requirement that Associate Directors and/or Division Chiefs of technical offices attest in writing through a memo to the program office that the annual performance data/results reported in their Performance Monitoring Plan was verified by their strategic objective teams. As the Annual Report Guidance covers all strategic objectives, we are not including a recommendation to address controls to ensure the accuracy of reported data. However, USAID/Egypt still needs to correct prior reporting errors.

Recommendation No. 1: We recommend that the Director, USAID/Egypt, require the basic education strategic objective team to revise its Performance Monitoring Plan and succeeding Annual Report to correct the errors noted by this audit.

² Audit of USAID-Financed Democracy and Governance Activities in Egypt, Audit Report No. 6-263-04-006-P, dated July 12, 2004

EVALUATION OF MANAGEMENT COMMENTS

In their response to our draft report, USAID/Egypt

Based on the actions taken by the Mission to implement the recommendation, both a management decision and final action have been reached for Recommendation No. 1.

Management's comments are included in their entirety (without attachments) in Appendix II.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/Cairo audited the USAID/Egypt's basic education activities in accordance with generally accepted government auditing standards. The purpose of the audit was (1) to determine the status of USAID/Egypt's basic education activities and (2) to determine if USAID/Egypt's education activities had progressed toward their intended results.

We performed our fieldwork at USAID/Egypt and at the offices of the Mission's implementing partners: The Center for Development and Population Activities, Al Karma Edutainment, Save the Children, and CARE. We also performed fieldwork at the Ministry of Education, Alexandria Governorate, and at project sites in Minya, Alexandria, Beni Suif, and Fayoum. Fieldwork was performed from February 29, 2004, to June 17, 2004.

The audit scope included assessing significant management controls over the reporting of performance results. Such controls included how implementing partners collected, verified, and reported performance data and how USAID/Egypt collected, verified, and reported those results in its Annual Report. It also included reviews of the Mission's Annual Reports, Performance Management Plans, as well as interviews with USAID, implementing partners, and Government of Egypt officials. There were no prior audit findings affecting the Mission's basic education activities.

In addition, the audit included tests on reported fiscal year 2003 results for four performance indicators and/or results that USAID/Egypt used for its basic education activities. Our tests included reviewing USAID/Egypt's Annual Report and Performance Management Plan and tracing reported data back to source documents. We also assessed the quality of reported data.

Methodology

At the beginning of the audit fieldwork, we interviewed USAID/Egypt's basic education strategic objective team to gain an understanding of their activities and to determine which performance indicators were the most significant. In collaboration with Mission officials, we selected 3 of 9 basic education performance indicators for testing. Mission officials suggested these performance indicators based on the expectation that they will be used in the new education strategy. In addition, at the request of Mission officials, we also selected for testing one indicator from the narrative portion of the USAID/Egypt Annual Report disclosing results for fiscal year 2003.

1. Annual number of girls and women receiving basic education through USAID-funded programs (from the Performance Monitoring Plan)

To assess the accuracy of reported results, we chose a 90 percent confidence level and assumed an error rate of 5 percent. We randomly selected 82 of 70,805 initially identified beneficiaries from fiscal year 2003 to test. (Our audit confirmed that the actual number of beneficiaries was slightly less—68,151.) During our testing to confirm

girls and women receiving basic education programs, we reviewed class attendance sheets, tuition receipts, books distribution reports, signed graduation statements, and Government of Egypt's official school enrollment registers. We also interviewed girl and women beneficiaries.

2. Pass rate (percentage) of primary school children in USAID-funded schools and programs (from the Performance Monitoring Plan)

To assess the accuracy of reported results, we chose a 90 percent confidence level and assumed an error rate of 5 percent. We randomly selected 51 of 130 schools from fiscal year 2003 to test. During our testing we reviewed the official passing rates reports approved by the respective schools.

3. Annual number of community development associations, non-governmental organizations, parent/teacher councils, community education teams and public/private partners actively supporting formal and non-formal USAID education programs (from the Performance Monitoring Plan)

To assess the accuracy of reported results, we chose a 90 percent confidence level and assumed an error rate of 5 percent. We randomly selected 65 of 278 organizations from fiscal year 2003 to test. During our testing we reviewed Memorandums of Understanding, Grant Agreements, work plans, minutes of meetings, and monthly activity reports of the organizations.

4. Annual number of girls scholarships (from the narrative portion of the USAID/Egypt Annual Report disclosing results for fiscal year 2003)

To assess the accuracy of reported results, we chose a 90 percent confidence level and assumed an error rate of 5 percent. We randomly selected 81 of 6,295 initially identified girls' scholarships from fiscal year 2003 to test. (Our audit confirmed that the actual number of girls' scholarships was slightly less—5,933.) During our testing we reviewed scholarship application forms, tuition receipts, and scholarship receipt records.

To determine whether performance results were accurately reported, we used a five percent accuracy threshold between reported results and the results attested by our audit.

To determine whether a performance indicator achieved its intended result, we used a reportable condition threshold of 10 percent. That is, if the actual or reported performance result was within 10 percent of its annual target or any amount over the target, we concluded that the performance indicator had met its target and that the project had achieved its intended result for that year.

MEMORANDUM

TO: RIG/Cairo, David H. Pritchard

FROM: D/DIR, Mary C. Ott “/s/”

SUBJECT: Mission Response to USAID/Cairo Basic Education Activity Audit

This is to respond to the Audit Recommendation No. 1 presented in the Draft Report on Audit of USAID/Egypt’s Basic Education Activities (Report No. 6-263-05-00x-P):

Recommendation No. 1:

Recommendation No. 1: We recommend that the Director, USAID/Egypt, require the basic education strategic objective team to revise its Performance Monitoring Plan (PMP) and succeeding Annual Report to correct the errors noted by this audit.

Four errors were noted in this report; responses follow each item:

- The fiscal year 2003 reported result for the indicator: *annual number of girls and women receiving basic education through USAID-funded programs*, was 81,073 girls and women. However, documentation showed that the result included boys as well as girls and women. The actual figure was 68,151 girls and women.

Response: The education team revised this indicator in the PMP for 2003 and submitted it to the Program Office on January 17, 2005. (See the e-mail dated January 17, 2005 in attachment 1.) The Program Office submitted the revisions to USAID/Washington and they are being processed in the ANE Bureau. The education team will correct this indicator in the Annual Report indicator table when they submit the 2005 Annual Report.

- The fiscal year 2003 report result for the performance indicator: *pass rate (percentage) of primary school children in USAID-funded schools and programs (from the Performance Monitoring Plan)* was

89 percent. Documentation showed that the result should have been calculated based on the formula “number of girls who passed the exam divided by number of girls who took the exam.” However, USAID/Egypt reported its results based on the formula “number of girls who passed the exam divided by number of girls who enrolled in school.” The actual figure was 96 percent.

Response: The education team notes that this error in calculation was likely based on a miscommunication of the definition of the indicator to the project implementers. In fact, from a project performance perspective, the number actually reported provides better information with regard to the achieving of project objectives. Limiting the population reviewed to the number of students who take the exam precludes a possible look at the reasons why students may choose not to take the exam. In addition, this calculation excludes part of the beneficiary population as the USAID project activities were designed to reach all children enrolled in the program, not only those who choose to take the exam at the end of the year.

Therefore, the education team changed the definition of the indicator formula for the pass rate (percentage) of primary school children in USAID-funded schools and programs to reflect the actual data reported. The revised PMP was submitted to the Program Office on January 17, 2005. (See attachment 1.) The Program Office submitted the revisions to USAID/Washington and they are being processed in the ANE Bureau. This change did not affect the numbers reported in the Annual Report. No future changes to the Annual Report are needed.

- The fiscal year 2003 reported target in the Annual Report for the performance indicator: number of girls and women receiving basic education through USAID-funded programs was 23,386. However, the Mission’s Performance Monitoring Plan showed that the target was 46,877 girls and women. The Annual Report for Fiscal Year 2003 results also showed discrepancies between its figures and the Performance Monitoring Plan for the Fiscal Year 2002 target.

Response: The education team revised the target for this indicator in the PMP for 2003 and submitted it to the Program Office on January 17, 2005. The education team will correct both the 2002 and the 2003

target numbers in the Annual Report indicator table when it is submitted for the 2005 Annual Report. (See attachment 1.) The Program Office submitted the revisions to USAID/Washington and they are being processed in the ANE Bureau.

- The performance indicator *annual number of girls' scholarships (from the narrative portion of the USAID/Egypt Annual Report disclosing results for fiscal year 2003)* was reported as 6,295 girls. However, documentation showed that the result included boys as well as girls and women. The actual figure was 5,933 girls.

Response: The education team submitted the correct numbers to the Program Office on March 7, 2005. (See the e-mail dated March 7, 2005 in attachment 2.) The Program Office submitted the revisions to USAID/Washington and they are being processed in the ANE Bureau. The Program Office submitted the revisions to USAID/Washington and they are being processed in the ANE Bureau. This performance indicator appeared only in the Annual Report narrative. Thus, the correction did not affect the PMP or the indicator table in the Annual Report, and no future changes to these documents are required.

The results of this Audit as well as the management actions taken have been recorded in an information memo sent to the Assistant Administrator for the Asia and Near East Bureau (Attachment 3).

Fiscal Year 2003 Basic Education Activities Performance Indicators and Results

Performance Indicator	Planned	Reported	Actual	Difference ³	Below/Above Target
1. Percentage of learners ages 11-15, enrolled in preparatory school in Rural, Upper Egypt.	76%	78.5%	Not Audited	+2.5%	3% Above Target
2. Percentage of learners over age 15, enrolled in education in Rural, Upper Egypt.	37%	39.6%	Not Audited	+2.6%	7% Above Target
3. Annual number of girls and women receiving basic education through USAID-funded programs.	46,877	81,073	68,151	+21,274	45% Above Target
4. Pass rate (percentage) of primary school children in USAID-funded schools and programs (by gender under the New Schools Program).	89%	89% (F) 90% (M)	96.4% (F) Not Audited(M)	+7.4% (F) +1.0% (M)	8% Above Target (F) 1% Above Target (M)
5. Percentage of girls, ages 6-10, enrolled in primary school in Rural, Upper Egypt.	77%	72.8%	Not Audited	-4.2%	Met Target (Within Threshold)
6. Annual number of children with increased access to preschool education through the broadcast of "Alam Simsim".	6 million	8 million	Not Audited	+2 million	33% Above Target
7. Annual number of community development associations, non-governmental organizations, parent/teacher councils, community education teams and public, private partners actively supporting formal and non-formal USAID education programs (scholarship, life skills, parental education and outreach).	185	278	278	+93	50% Above Target
8. Percentage of Integrated English Language Program-II trained teachers whose students use English in a meaningful way.	80%	80%	Not Audited	0%	Met Target
9. Annual numbers of teachers trained to use modern communicative and learner-center teaching methods.	3,613	5,861	Not Audited	+2,248	62% Above Target

³ Difference is planned minus actual for results audited and planned minus reported for results not audited.

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